

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6826**

**BILL NUMBER:** SB 171

**NOTE PREPARED:** Feb 25, 2005

**BILL AMENDED:** Feb 24, 2005

**SUBJECT:** Delinquent Personal Property Taxes.

**FIRST AUTHOR:** Sen. Lawson C

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill requires a creditor that acquires and transfers personal property on which the creditor holds a lien and on which personal property taxes have been adjudicated delinquent to pay in full or in part the amount of the delinquent taxes from the proceeds of the transfer according to a formula that apportions the proceeds between the lien amount and the delinquency. It allows a creditor to deduct from the proceeds of the transfer direct, out-of-pocket expenses that the creditor incurs for the repossession, maintenance and disposition of the personal property before applying the formula and paying the delinquent personal property taxes.

**Effective Date:** January 1, 2006.

**Explanation of State Expenditures:** (Revised) The delinquent personal property tax form must be in a form prescribed by the State Board of Accounts (SBA). The SBA should be able to absorb any additional administrative expenses associated with this provision given its existing resources.

**Explanation of State Revenues:** The state levies a small tax rate for State Fair and State Forestry. The rate is applied to both real and personal property. Any change in personal property tax collections will result in a change in revenue collected for these two funds.

**Explanation of Local Expenditures:** (Revised) The bill applies to transfers made by a creditor after May 10, 2006. As soon as practicable after a creditor comes into possession of personal property and before the creditor transfers the property, the creditor must request a delinquent personal property tax form from the county treasurer and file the form with the county treasurer. The county treasurer must provide the tax form not later

than 14 days after the request. The county and township assessor must assist the county treasurer in determining the appropriate assessed value of the personal property and the amount of delinquent personal property taxes owed. Assistance provided by the county and township assessors must include providing the county treasurer with relevant personal property forms filed with the assessors and providing the county treasurer with any other assistance necessary. These provisions will increase administrative expenses for the local units; however, it is anticipated that the local units will be able to absorb any additional expenses.

**Explanation of Local Revenues:** (Revised) Requiring a creditor that acquires and transfers personal property under certain conditions to pay in full the amount of the delinquent taxes from the proceeds of the transfer according to a formula could affect personal property tax collections by the county treasurer by an indeterminable amount. The creditor is allowed to deduct from the proceeds of the transfer any direct, out-of-pocket expenses that the creditor incurs for the repossession, maintenance and disposition of the personal property before applying the formula and paying the delinquent personal property taxes. Delinquent personal property taxes are distributed in the same manner as all other property taxes. The bill applies only to property taxes first due and payable after December 31, 2005.

**State Agencies Affected:** State Fair and State Forestry Funds.

**Local Agencies Affected:** All.

**Information Sources:**

**Fiscal Analyst:** Bernadette Bartlett, 317-232-9586.